

Internal Revenue Service

Department of the Treasury

District
Director

1100 Commerce St., Dallas, Texas 75242

Date: JUL 17 1997

Employer ID Number:

Person to Contact:

Telephone Number:

Refer Reply To:

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information you have furnished discloses that you were incorporated in [REDACTED] on [REDACTED]. The stated purposes of your organization are exclusively charitable and the business and objects to be carried on and promoted shall be to bring together committed [REDACTED] single, widowed, or divorced people by means of correspondence.

To date your principal activities have consisted of bringing [REDACTED] singles together for marriage by way of correspondence. [REDACTED] men and women over [REDACTED] years of age may apply for membership by completing the membership questionnaire and by submitting references, one of which is from a pastor. Upon submission of a completed application, the organization either accepts or rejects the membership. If the membership is accepted, the applicant pays a membership fee of \$[REDACTED] for the first year, and is then provided with a short description of each [REDACTED] partners member of the opposite sex.

Each member is assigned a number and correspondence is conducted by number through [REDACTED]; letters are forwarded unopened according to selected member. When two people notify you that they wish to correspond directly, you will provide addresses.

Membership renewal fee for subsequent years is \$[REDACTED]. You do not provide any counseling or other services.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable...or educational purposes...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1 of the regulations provides, in part, as follows:

"(a)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

"(a)(2) The term 'exempt purpose or purposes,' as used in this section, means any purpose or purposes specified in section 501(c)(3), as defined and elaborated in paragraph (d) of this section."

"(d)(1) In general. (i) An organization may be exempt as an organization described in section 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes:

- (a) Religious,
- (b) Charitable,
- (c) Scientific,
- (d) Testing for public safety,
- (e) Literary,
- (f) Educational, or
- (g) Prevention of cruelty to children or animals."

"(c)(1) Primary activities. An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization is not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

"(e)(1) An organization may meet the requirements of section 501(c)(3) although it operates a trade or business as a substantial part of its activities, if the operation of such trade or business is in furtherance of the organization's exempt purpose or purposes and if the organization is not organized or operated for the primary purpose of carrying on an unrelated trade or business, as defined in section 513.

In Better Business Bureau of Washington D.C. v United States 326 U.S. 279 (1945) the Court held that a better business bureau was not exclusively educational. Its activities were in part aimed at promoting the prosperity and standing of the business community, even though there was also benefit to the public. The court stated that, in order to fall within the claimed exemption, an organization must be devoted to exempt purposes exclusively. The presence of a single nonexempt purpose, if substantial in nature, will destroy exemption regardless of the number and importance of truly exempt purposes.

We have concluded, based on the facts and evidence on file, that you are not operated exclusively as a charitable or religious organization described in Section 501(c)(3) of the Internal Revenue Code. Your activities and operations are not distinguishable from a for profit dating service operating as a trade or business. Your exchange of letters is like the personal ads in the newspaper. You do not provide any screening or counseling; the members themselves choose to whom they will write, just like in the for profit personal ads.

You have no charitable or educational purposes as required by the Code and Regulations. The Better Business Bureau case refers to an organization which has some nonexempt purpose as not qualifying for exemption; you have no exempt purpose at all. Contrary to Regulation 1.501(c)(3)-1(e)(1), you are organized for the primary purpose of carrying on an unrelated trade or business.

Accordingly, it is held that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(3) of the Code, and you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Code as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

[REDACTED]

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

Bobby E. Scott
District Director

cc: [REDACTED]
[REDACTED]

Enclosures:
Form 6018
Publication 892